COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Complaint of Verizon Massachusetts	)	
Concerning Service Transfer Charges	)	**D.T.E. 05-04**
Imposed by Broadview Networks, Inc.	)	
	)	

VERIZON MASSACHUSETTS

D.T.E. 05-04

DIRECT TESTIMONY

Witnesses:

Bruce F. Meacham
Kevin D. Van Inwegen

April 15, 2005

I. INTRODUCTION

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to address the issues raised by Verizon Massachusetts' ("Verizon MA") complaint against Broadview Networks, Inc. ("Broadview") regarding the application of "Service Transfer Charges," as contained in Section 9.1.1 of Broadview's Access Services Tariff (M.D.T.E. Tariff No. 2). In this testimony, Verizon MA explains why those charges are unjust and unreasonable and should not apply when an end user customer is changing its local service provider from Broadview to Verizon MA. In such a case, Verizon MA does not order any service from Broadview. Rather, Verizon MA is simply notifying Broadview that the end-user customer has chosen to terminate its local service with Broadview, and if the end user customer has requested that his or her number be ported, enable Broadview to initiate the industry-standard porting process by releasing the telephone number through the Numbering Portability Administration Center ("NPAC"). In comparable situations, Verizon MA does not charge competitive local exchange carriers ("CLECs") to transfer end-user customers to a CLEC or to port the customer's telephone number. Indeed, Verizon MA is unaware of any other local exchange carrier in Massachusetts that currently imposes Customer Transfer Charges. Moreover, even if Broadview were to demonstrate that it incurs costs associated with the transfer – which it has not – such costs are related to Broadview's provision of retail services and thus should be recovered from its retail customers, and not from other exchange carriers, such as Verizon MA.

Q. Who are the witnesses sponsoring this testimony on behalf of Verizon MA?

A. The witnesses are Mr. Bruce F. Meacham and Mr. Kevin D. Van Inwegen.

Q. Mr. Meacham, please state your name, business address and title.

A. My name is Bruce F. Meacham and my office is located at 125 High Street in Boston, Massachusetts. I am a Senior Staff Consultant in Verizon's Finance Department where I am responsible for economic analyses and cost studies for the Company's products and services and for providing regulatory support and cost witnessing.

Q. Please describe your education and business background.

A. I am a graduate of the University of Massachusetts where I received a Bachelor of Science degree in Industrial Engineering in 1971 and a Masters degree in Business Administration in 1977. In 1999, I received a Master of Science degree in Accounting from Suffolk University.

I have been employed by Verizon and its predecessor companies for over 33 years in various positions of increasing responsibility involving outside plant engineering, cost of service studies, and tariff filings. Since 1993, I have worked in the Service Costs group where I was initially responsible for internal business unit financial reports. I am responsible for conducting and supervising the development of cost studies for wholesale services and unbundled network elements ("UNEs") provided by Verizon as an incumbent local exchange carrier ("ILEC") under the Telecommunications Act of 1996 (the "Act"), and have testified on such studies before the Department, as well as the Rhode Island Public Utilities Commission, the New Jersey Board of Public Utilities, the District of Columbia Public Service Commission, the Public Service Commission of Maryland, and the Maine and Pennsylvania Public Utility Commissions.

Q. Mr. Van Inwegen, please state your name, business address and title.

A. My name is Kevin D. Van Inwegen. My business address is 1095 Avenue of the Americas, 28th Floor, New York, NY 10036. I am currently employed by Verizon Services Corporation as a Senior Specialist in the Wholesale Markets Group.

Q. Please describe your education and business background.

A. I have a Bachelor of Science degree in Management and International Business from the Pennsylvania State University. I also have a Master of Business Administration degree in Finance and Operations from the Stern School of Business at New York University.

I have worked for Verizon Communications Inc. in various positions of increasing responsibility since 1996, involving service installation, maintenance, and performance management. In my current position as a Senior Specialist in the Wholesale Markets Group I am responsible for supporting the provisioning of wholesale UNEs and resale products.

Q. What is each witness's responsibility regarding this testimony?

A. Each witness has reviewed and concurs with the entire testimony, and has primary responsibility for particular issues. Specifically, Mr. Van Inwegen is responsible for the analysis of all wholesale provisioning issues raised by Broadview, and Mr. Meacham is responsible for the analysis of all cost issues raised by Broadview.

Q. Please summarize this direct testimony.

A. Broadview's Service Transfer Charges are unjust and unreasonable for the following reasons. First, Broadview does not identify any *service* in its Tariff that it is providing to Verizon MA - and does not demonstrate any cost-based connection between its Service Transfer Charges and a legitimate *wholesale* function it performs. Rather, the Tariff states that the charge is imposed whenever an end-user customer "disconnects local exchange service from [Broadview] and switche[s] to" another local exchange carrier. Thus, Broadview's Service Transfer Charges are triggered simply by the *event* of a Broadview end-user customer transferring service to another carrier. Absent a linkage to a wholesale – or any other – service requested by or provided to Verizon MA, there is no basis for Broadview to impose *any* charge on Verizon MA.

Second, Broadview's role in accommodating the desire of its former customer to transfer local service to another carrier is minimal, and thus it incurs little or no associated costs. Broadview's activities consist of its receipt and confirmation of the Local Service Request ("LSR") from Verizon MA to notify Broadview that the customer will be transferred, and its authorization to NPAC to release the customer's number if ported. No Service Transfer Charge can be justified merely on the basis of those activities. The Federal Communications Commission ("FCC") has made it clear that such costs are properly classified as "customer-specific costs directly related to providing number portability," and that the FCC has exclusive regulatory jurisdiction over rates set to recover such costs. Thus, such costs may not be recovered through tariffed intrastate charges, such as those at issue here.[1]

Relinquishing a customer upon the customer's request, so that he or she may change service providers, is an obligation that Broadview owes, and a service that it provides, to its retail customers. Accordingly, any allowable costs associated with such relinquishment should *not* be recovered from the succeeding service provider (*e.g.*, Verizon MA), but are properly regarded as *retail* costs that should be recovered, if at all,

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[1] *See Telephone Number Portability*, CC Docket No. 95-116, Third Report and Order, 13 FCC Rcd 11701 (rel. May 12, 1998), ¶¶ 28, 29, 38, 72; *Telephone Number Portability*, CC Docket No. 95-116, Memorandum Opinion and Order on Reconsideration and Order on Application for Review, 17 FCC Rcd 2578 (rel. Feb. 15, 2002), ¶¶ 9-12.

in retail rates or absorbed by Broadview as a general cost of providing retail service. This is consistent with how Verizon's charges for equivalent services and with decisions reached by other state regulatory commissions on this issue.[2]

Finally, contrary to Broadview's claims, Verizon MA does not charge Broadview – or any other CLEC – for merely transferring a Verizon end-user customer's service to a CLEC. Therefore, Broadview's argument that it should be allowed to assess a similar service order charge on Verizon MA when a customer chooses to leave Broadview and selects Verizon MA as its local service provider is incorrect. Accordingly, the Department should grant Verizon MA's complaint.

II. BROADVIEW'S SERVICE TRANSFER CHARGES SHOULD NOT APPLY TO THE MIGRATION OF BROADVIEW CUSTOMERS TO VERIZON MA

Q. Please describe Broadview's Service Transfer Charges.

A. Section 9.1 of Broadview's Access Tariff states that "Service Transfer Charges" apply "when a [Broadview] customer disconnects local exchange service from the Company [Broadview] and switches to the requesting local exchange carrier." The Tariff further states that the charge is "applied on a per-line basis for each Local Service Order Request received by the Company [Broadview]." The applicable per line charge is $1.02 for "Electronic Processing" and $15.39 for "Manual Processing."

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[2] For example, the New York Public Service Commission ("NYPSC") denied customer transfer charges imposed by TC Systems Inc. (a subsidiary of AT&T Communications). Case 03-C-0636, *Complaint of Verizon NY Inc. Concerning Transfer Charges Imposed by TC Systems, Inc.*, Order Granting Verizon's Petition and Complaint, at 5-6 (issued and effective February 13, 2004). *See also Pennsylvania Public Utility Commission v. TCG Delaware Valley, Inc.*, Docket Number R-00027928, Order (December 19, 2002).

Q. What is Broadview's role in the process of transferring end-user customers to Verizon MA?

A. Broadview's role in the process is minimal. In response to Verizon MA's submission of an LSR, Broadview must perform four functions, all of which are related to porting the number: (1) perform switch line translation that allows completion of calls to the newly ported number without simultaneous disconnection of the number from the previous provider's (Broadview's) switch; (2) release the telephone number through NPAC the day before the due date for migrating the customer's service to Verizon MA; (3) unlock the E911 database so that Verizon MA can update the customer's information; and (4) remove the directory listings. These same functions are performed by Verizon MA when transferring customers to a facilities-based CLEC – *at no charge*. Moreover, as noted above, Broadview is the only carrier to Verizon MA's knowledge that imposes a charge in this situation.

When a Broadview end-user customer switches to Verizon MA, Verizon MA does not need or request Broadview to rearrange its network during or after the transfer, and Verizon MA is indifferent as to whether such rearrangements occur. Rather, the physical work of transferring the Broadview customer to Verizon MA's switching facilities is done entirely on Verizon MA's network. Indeed, all three steps in the successful establishment of new service – physical cut-over, dial tone availability, and number porting – are within the control of a single entity – Verizon MA.

Verizon MA would not ask Broadview to connect circuits, disconnect them, or otherwise physically wire or rearrange its network or central office in any way in connection with migrating the customer's service. Likewise, because the end-user customer is transferred from Broadview to a Verizon MA switch, the new dial tone would be provided by

Verizon MA. Verizon MA is also the carrier responsible for sending the NPAC the final notification to port the customer's number. Accordingly, the only coordination that is necessary to ensure continuity of service for the customer occurs *within* Verizon MA itself.

Q. Does Broadview perform any wholesale function for Verizon MA in connection with a service transfer that justifies imposing a charge?

A. No. Verizon MA does not serve its retail customer using any elements of Broadview's network but provides service entirely over its own loop and switching facilities. Thus, there is simply *no* wholesale service that Verizon MA requests or that Broadview performs *for* Verizon MA in connection with a customer transfer. Verizon MA orders nothing from Broadview. Verizon MA only informs Broadview that its former end-user customer wants the line disconnected and that the customer's telephone number should be ported to Verizon MA. Where Broadview provides no *wholesale* service to Verizon MA in connection with the transfer of a Broadview end-user customer to Verizon MA, Broadview cannot impose a charge for the simple event of a "customer transfer."

Q. Can Broadview seek to recover from Verizon MA the costs associated with porting of a customer's number in connection with a service transfer?

A. No. Through its charges, Broadview simply seeks to penalize local exchange carriers, such as Verizon MA, for competing successfully with Broadview. The customer transfer charges are anti-competitive both in intent and effect.

To the extent that Broadview seeks to justify the charge in terms of the costs it incurs in releasing a ported number, the FCC has made it clear that such costs are properly classified as "customer-specific costs directly related to providing number portability," and that rates set to recover those costs are subject to the FCC's exclusive jurisdiction –

not state regulation. *See Telephone Number Portability*, CC Docket No. 95-116, Third Report and Order, 13 FCC Rcd 11701 (rel. May 12, 1998), ¶¶ 28, 29, 38, 72; *Telephone Number Portability*, CC Docket No. 95-116, Memorandum Opinion and Order on Reconsideration and Order on Application for Review, 17 FCC Rcd 2578 (rel. Feb. 15, 2002), ¶¶ 9-12. Thus, carriers may not recover such costs through tariffed intrastate charges. As a result, Broadview is not permitted to recover number portability costs in its Service Transfer Charges at issue in this proceeding.

Q. If Broadview can demonstrate that it incurs some administrative costs associated with a service transfer, should those costs be recovered from other carriers?

A. No. Any administrative costs that Broadview may incur in connection with the loss of its retail customer arise solely as a result of the customer's decision to use a different carrier – *not* as a result of Verizon MA ordering any service or facility from Broadview. Therefore, none of those costs provide an appropriate basis for imposing a wholesale charge and instead should be assigned to the CLEC's retail business.

As an example, Broadview may choose to do more than merely facilitate the porting of the customer's number – such as move, connect, disconnect, or rearrange facilities on its own network in order to ensure that it will be able to re-use, for the benefit of another retail customer, the switch ports and other network equipment that were previously used to provide service to the transferred customer. It may also wish to update its databases, billing systems, and switch translations to reflect the customer's departure. Broadview may even decide to alert its marketing department so that it can attempt to win back the customer. All of those steps, however, are taken by Broadview for its own benefit, and in support of its retail business.

Verizon MA does not ask Broadview to undertake these steps, and they are not wholesale services provided to Verizon MA. The LSR that Verizon MA submits to Broadview does not ask Broadview to perform such work. It merely informs Broadview of the customer migration so that Broadview may authorize the NPAC to port the number when Verizon MA submits its port request. Whether Broadview rearranges its own network is of no interest or consequence to Verizon MA. Thus, the associated costs are classic retail costs that should be recovered, if at all, through retail charges. This comports with customary regulatory practices,[3] and is consistent with decisions from various state commissions addressing this matter.

Q. Please discuss these state commission decisions relating to CLEC service transfer charges.

A. The New York Public Service Commission ("NYPSC") has determined that costs associated with transferring customers to a competitor are not recoverable as wholesale charges, but are properly treated as retail costs. In that decision, the NYPSC ruled that

> [Teleport] has not shown that these costs, other than [Customer Service Record] costs which are negligible, warrant explicit recovery. The coordination of discontinuing billing is clearly a retail function. If a customer were simply to disconnect its retail service [Teleport] would have to review an order form and perform some coordination activities and administrative tasks such as updating databases. These retail costs are traditionally recovered in retail rates. In contrast to [Teleport's] rate design, Verizon recovers many of the disconnect costs associated with its activities through a non-recurring charge imposed at the time of installation.

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[3] The Department approved this approach in its Consolidated Arbitrations Phase 4-L Order, at 23:

> While the CLECs have argued that they represent a different class of customers, the parties did not persuade us that a CLEC would be more available and willing to pay disconnection costs than retail customers. Thus, an allowance for these costs in the TELRIC-based NRCs is appropriate… Therefore, we maintain our longstanding policy of including disconnection costs in the calculation of installation NRCs.

Case 03-C-0636, *Complaint of Verizon NY Inc. Concerning Transfer Charges Imposed by TC Systems, Inc.*, Order at 5-6 (February 13, 2004) ("*Teleport Order*"). The NYPSC found that Verizon "does the lion's share of the physical network activity necessary for a customer transfer," and that Teleport's costs "are more appropriately recovered, if they are not already, in retail rates, or in upfront connection charges, but not in a separate charge, such as [Teleport's] customer transfer charge." *Id*. at 5-6.

Likewise, the Pennsylvania Public Utility Commission promptly suspended the customer transfer tariff filed by AT&T's Teleport subsidiaries, TCG Delaware Valley, Inc. and TCG Pittsburgh, Inc., and concluded that the tariff "may result in a barrier to entry." *See, e.g., Pennsylvania Public Utility Commission v. TCG Delaware Valley, Inc.*, Docket Number R-00027928, Order (December 19, 2002). Teleport opted to withdraw the tariff as an alternative to suspension and the commencement of an investigation. Since the Pennsylvania and New York orders were issued, CLECs have voluntarily withdrawn such tariffs in a number of other states, including Massachusetts and Rhode Island.[4]

It would be surprising if Broadview's retail rates did not make some provision for the disconnect costs that it would ultimately incur when a customer leaves it — whether to transfer to another carrier or for some other reason. Assuming that this is the case, imposition of an additional wholesale "service transfer" charge on Verizon MA or other CLECs would impermissibly allow Broadview to double-recover its costs. Broadview has the burden of demonstrating that such "double-dipping" will not occur.

[4] Complaint of Verizon Massachusetts Concerning Customer Transfer Charges Imposed by Teleport Communications Boston, D.T.E. 03-74; RI PUC Docket No. 3539 - Complaint of Verizon Rhode Island Concerning Customer Transfer Charges Imposed by TCG Rhode Island; Complaint of Verizon Massachusetts Concerning Customer Transfer Charges Imposed by Allegiance Communications Boston, D.T.E. 04-XX.

Q. Please comment on the FCC Wireline Competition Bureau's ("WCB") decision in the Cavalier Virginia arbitration proceeding relied upon by Broadview for imposing its Service Transfer Charges.

A. Contrary to Broadview's claims, the conclusion reached by the FCC's WCB in its order in the arbitration[5] between Verizon Virginia and Cavalier Telephone is unjustified and should not be followed here.

The legal or regulatory principle established by that order is that "[t]o the extent that Cavalier has demonstrated that it performs tasks comparable to those performed by Verizon, it would violate section 251(c)(2)(D) to allow Verizon to assess a charge on Cavalier but disallow a comparable charge by Cavalier on Verizon." *Arbitration Order*, ¶ 189 (footnote omitted). Broadview's charge is *not* "comparable to" any Verizon charge; thus, the principle announced by the WCB simply has no application here. The *factual* finding made by the WCB on the basis of a somewhat ambiguous and unclear record — that "Cavalier's work in connection with a Verizon winback is similar in purpose and scope to the work that Verizon is responsible for performing when Cavalier submits a local service request to Verizon to move a customer from Verizon to Cavalier" (*id.* ¶ 204) — is simply incorrect, and is the subject of a pending petition for reconsideration and clarification.

Verizon MA's Service Order charges recover the costs of installing a UNE loop used by a CLEC to serve a Verizon MA customer that has transferred to the CLEC. Broadview, however, performs no such UNE installation functions when a Broadview customer

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[5] *In the Matter of Petition of Cavalier Telephone LLC Pursuant to Section 252(e)(5) of the Communications Act of Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia, Inc. and for Arbitration*, WC Docket No. 02-359, Memorandum Opinion and Order (CCB released Dec. 12, 2003) ("*Arbitration Order*").

switches to Verizon MA. Because Broadview does not perform the same provisioning tasks that are covered in Verizon MA's Service Order charges, Broadview should not be allowed to collect this same charge from Verizon MA when a Broadview customer migrates to Verizon MA.

The Department should not follow the conclusion reached in the Cavalier arbitration, as Broadview erroneously suggests, but rather should follow the NYPSC's findings established after a detailed Staff inquiry in the *Teleport Customer Transport Charge* proceeding. As stated above, the NYPSC determined that Teleport should not be allowed to charge Verizon New York ("Verizon NY") for the mere act of discontinuing a customer's service when migrating from Teleport to Verizon NY. The NYPSC further recognized that the associated costs – if at all - would be considered retail costs and thus recoverable from retail end-user customers, not wholesale carriers.[6] That decision subsequently prompted Teleport, as well as other carriers, to withdraw similar tariff provisions in Massachusetts and Rhode Island. The Department should reach the same conclusion here by prohibiting Broadview from imposing Service Transfer Charges on Verizon MA that bear no relationship to any wholesale services provided to Verizon.

Q. Are Broadview's Service Transfer Charges justified?

A. No. As noted by Level 3 Communications, LLC in comments filed with the Department, Broadview has "failed to make any demonstration of its carrier-specific costs" in connection with transferring customers to a competitor. Indeed, Broadview's attempt to bill competing carriers rather than its own end-users "is not consistent with [its]

[6] *Teleport Order*, at 5-6. The NYPSC followed the same course on a different issue, in its recent hot cut order, where, "[b]ased on careful analysis of the record before us, we reach a somewhat different conclusion from that reached by the [WCB]." Case 02-C-1425, *Order Setting Permanent Hot Cut Rates* at 22 (issued and effective August 25, 2004).

obligation to support" number portability under the Act. Finally, Broadview's claim that its charge is comparable to Verizon's tariff is wrong since Verizon's tariff only applies "for [wholesale] *services* it offers" – and, in this case, Broadview is not providing any wholesale services.

The costs for the service order activities that Broadview claims it performs when a Broadview customer switches service to Verizon MA or another CLEC are not for services that Verizon MA or other CLECs need to effectuate customer migrations. The activities that Broadview claims it performs are simple administrative tasks associated with closing out its customer service records for the departing retail customer. Indeed, Broadview would have to perform those functions whether its customer transfers to Verizon or another carrier, moves to another state, or discontinues telephone service altogether. Therefore, any Broadview costs for such activities should rightfully be (and may already be) recovered from Broadview's retail customers, not Verizon MA.

Q. Are Broadview's Service Transfer Charges comparable to any Verizon MA rate?

A. No. The two numbers that Broadview has chosen to pluck from Verizon MA's tariff are $1.02, which is the level of a non-recurring Service Order Charge that Verizon imposes when a CLEC orders certain Verizon wholesale services (*e.g.*, UNE loops), and $15.39, a Verizon "Manual Intervention" surcharge that applies when *orders* for certain wholesale services are submitted other than through the standard electronic interfaces. See Verizon Tariff M.D.T.E. No. 17, Part A, Sec. 3.3.2. Broadview identifies the former as its current "Electronic Processing" service transfer charge, and the latter as its "Manual Processing" service transfer charge. Broadview Tariff, Sec. 9.1.1. While Broadview's Service Transfer Charges may mirror the rate level of Verizon MA's charges, they are applied differently.

For example, Broadview's Tariff specifies that these charges, when they apply at all, apply on a per-line basis, not on a per-order basis as specified in Verizon MA's Tariff. This creates tremendous disparity between those two tariffs resulting in higher charges calculated on a per line basis under Broadview's Tariff. In addition, Broadview's Tariff differs in that it does not limit the circumstances under which the "Manual Processing" charge would apply to situations in which the CLECs fail to use the available electronic ordering system to place an order for service. *See* Verizon Tariff M.D.T.E. No. 17, Part A, Sec. 3.3.2.

More important, the level of Verizon MA's rates has *no* connection whatsoever with any of the costs that Broadview might claim to incur because the costs underlying Verizon MA's rates do not include any costs for *disconnecting* an end-user customer's service. As demonstrated in Verizon MA's cost studies submitted in D.T.E. 01-20, Verizon MA's costs for the Service Order Charge and Manual Intervention Surcharge relate to the processing of orders for UNE loops or ports. *See* D.T.E. 01-20-A, Nonrecurring Cost Model, Cost Summary, Part I, dated June 12, 2003. Thus, Verizon MA imposes these wholesale charges only when it performs a wholesale service in connection with the transfer of an end-user customer to another local exchange carrier. Accordingly, when a Verizon customer chooses to transfer to Broadview, Verizon MA would only apply the $1.02 non-recurring Service Order Charge and/or the $15.39 Manual Intervention Surcharge on the CLEC if the CLEC requests that Verizon supply it a UNE loop to provide service to that customer.

By contrast, when an end-user customer migrates from Verizon MA to a fully facilities-based carrier (which is the precise counterpart of the situation in which a customer migrates from Broadview to Verizon MA) that is prepared to serve the customer using its own loop and switching facilities, Verizon MA does not impose any charges at all on the CLEC for processing this service order, even though Verizon may incur certain administrative and other costs in connection with the migration. In other words, Verizon MA, unlike Broadview, does not seek to collect wholesale charges for the simple act of relinquishing a customer or for cleaning up Verizon's retail records to reflect the loss of the customer. Therefore, if Broadview were truly adopting Verizon MA's rates for providing the same functions or services — rather than simply plucking numbers out of Verizon MA's tariff — then it would not impose *any* charge for a service transfer to Verizon MA because no specific, underlying wholesale services – such as provisioning an unbundled loop – are ordered by or provided to Verizon.

Q. Has Broadview provided costs to support its Service Transfer Charges?

A. No. In the absence of the identification and adoption of a *comparable* Verizon MA rate, Broadview should be required to justify its Service Transfer Charges by specifically identifying the precise costs that it seeks to recover and by demonstrating the amount of those costs. Broadview has failed to do so.

Q. Please address Broadview's claim that it should be permitted to apply the Manual Processing Charge because Verizon MA has not submitted LSRs electronically using Broadview's Web Center.

A. First, Broadview has presented no costs to support its claim. Second, that argument is irrelevant to the question of whether Broadview should be allowed to charge Verizon MA and other carriers when a Broadview customer chooses to transfer service.

As discussed above, Verizon MA charges CLECs for provisioning UNE loops used by CLECs to serve their customers. It does not charge CLECs for simply migrating a Verizon customer to another carrier, regardless of whether the CLEC customer transfer notice comes in electronically or manually. Likewise, Broadview should not be permitted to impose Service Transfer Charges on Verizon MA regardless of whether Verizon MA submits its LSR electronically or manually to effect a change in the Broadview customer's service.[7] As the NYPSC found, the costs of processing the transfer do not relate to the provision of wholesale services, and therefore are not recoverable from Verizon, but rather should be treated as retail costs.

III. CONCLUSION

Q. In conclusion, please explain why the Department should reject Broadview's Service Transfer Charges as unjust and unreasonable.

A. Because Broadview does not perform the unbundled loop provisioning functions that are associated with Verizon MA's $1.02 Service Order charge or $15.39 Manual Intervention Surcharge, Broadview should not be able to collect this same charge from Verizon MA when a Broadview customer migrates to Verizon MA. The minimal number portability tasks required of Broadview when one of its retail customers switches to Verizon MA are, in essence, the same functions that Verizon MA performs when one of its retail customers transfer to a full facility-based CLEC – *i.e.*, to one that utilizes its own loop and switching facilities. *In such cases, Verizon MA imposes no charges whatsoever on the CLEC.* And, to Verizon MA's knowledge, no other local exchange carrier imposes such charges in comparable situations. Accordingly, there is no basis for treating the record clean-up work performed by Broadview as a wholesale service, or for imposing wholesale charges on Verizon MA.

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[7] Indeed, the CLEC Industry Guidelines state that: "[t]he New Local Service Provider (New LSP) may transmit the CSR/CSI request via facsimile, electronic mail, electronic data interchange, or any other means negotiated between the two carriers. All carriers must, at a minimum, allow transmission of CSR/CSI by facsimile." ATIS-0405300-0002, "Local Service Migration Guidelines," Issue 2, at Sec. 8-2 (dated October 28, 2004).

Broadview has produced no costs studies to justify its Service Transfer Charges. The "services" Broadview claims to perform in response to a transfer of a customer's service to Verizon MA are not wholesale services in any sense, but rather are retail activities driven by Broadview's end-user customer, are administrative in nature, are not requested by Verizon MA, are not necessary to allow the migration of the customer's service to Verizon MA, and provide no benefit to Verizon MA. Unlike Broadview, Verizon MA does not charge its competitors for undertaking such retail activities that it provides solely to itself for its own purposes. Likewise, to the extent that Broadview incurs any costs for these retail activities, they may be recovered from the true cost causer – the Broadview retail customers – not from Verizon MA and other carriers. This is customary practice. Therefore, there is no basis for Broadview to apply Service Transfer Charges on Verizon MA or other CLECs, and its Tariff should not allow for such charges.

Q. Does this conclude your testimony?

A. Yes.